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Paul Optimistic in Fight for Banking Privacy *Dangerous Legislation Appears Headed for Defeat*

Washington D.C.- Congressman Ron Paul expressed guarded optimism over the fate of legislation which would have forced banks to grant federal regulators broad access to the private financial records of their customers. H.R. 3886, known as the "International Counter-Money Laundering Act of 2000," was declared virtually dead this week by House Banking Committee Chairman James Leach, despite support for the measure by the administration. Paul, along with Texas Senator Phil Gramm, has been an outspoken critic of the legislation. "I am glad that the bill appears headed for defeat," Paul stated. "My office opposed the earlier version of this very dangerous legislation, and we will once again generate massive public opposition to any further attempts by the federal government to invade private banking records. Fortunately, there seems to be insufficient support in Congress to pass the bill this year. However, I suspect similar bills will surface in the next Congress." Paul, a member of the Banking committee, is known for vigorously leading the successful opposition to so-called "Know Your Customer" regulations proposed in 1998 by federal banking regulators. Know Your Customer regulations would have required U.S. banks to profile their customers, monitor transactions, and report "suspicious" activity to Treasury Department criminal investigators. Paul was outspoken in his opposition to the proposals, which ultimately were abandoned by the administration after the Senate voted unanimously to reject them. Financial regulators received over 300,000 angry comments as a result of the opposition generated by Paul and other privacy advocates. "Small banks and constituents in my district already have been adversely affected by banking regulations," Paul continued. "Even though the Know Your Customer regulations were defeated, federal regulators have tried to impose similar requirements without legislative authority. These requirements have not been enforced uniformly, often to the detriment of smaller banks like those in my district, who lose customers when they are forced to ask intrusive questions. It is essential that these banks and my constituents are not burdened by further invasive federal regulations." H.R. 3886 essentially proposed an international version of Know Your Customer. Paul opposed the bill in the Banking committee, and was successful (along with Representatives Barr, Campbell, and Metcalf) in amending the bill to add a nongovernmental privacy advocate to the Bank Secrecy Act Advisory Group. However, Paul wanted the Know Your Customer regulations eliminated completely: "This bill would further erode protections for consumer financial privacy. Know Your Customer met with overwhelming public opposition, but now regulators want to establish the same rules for international transactions. Once such regulations are in place, they could be broadened and applied to American citizens domestically." Civil libertarians and privacy advocates from both parties in Congress have voiced opposition to H.R. 3886. "People are becoming aware of this systematic attack on our privacy," Paul concluded. "I am grateful that Senator Gramm and others in Congress have joined me in opposing the dangerous trend toward expanding federal intrusion into private banking matters. I plan to continue the fight for financial privacy in the Banking committee."

